

CHEROKEE COUNTY SOLID WASTE COMMISSION

**INDEPENDENT AUDITORS' REPORTS
BASIC FINANCIAL STATEMENTS
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS**

JUNE 30, 2014

CHEROKEE COUNTY SOLID WASTE COMMISSION

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CHEROKEE COUNTY SOLID WASTE COMMISSION

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Mark Leeds	Executive Board - Chairman	Cherokee County
Jeff Bowen	Board Member	Aurelia
Mick Mallory	Board Member	Cherokee
Les Pederson	Board Member	Cleghorn
Dan James	Board Member	Larrabee
Steve Galigan	Board Member	Marcus
Roger Smith	Board Member	Meriden
Larry Nelson	Board Member	Quimby
Donald Parrot	Board Member	Washta



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of the
Cherokee County Solid Waste Commission:

Report on Financial Statements

We have audited the financial statements of Cherokee County Solid Waste Commission (the Commission) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards*, issued by the comptroller general of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design auditor procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Commission, as of June 30, 2014, and the changes in financial position and cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require management's discussion and analysis on pages 4 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2015 on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cherokee County Solid Waste Commission internal control over financial reporting and compliance.

Williams & Company, P.C.
Certified Public Accountants

Spencer, Iowa
March 11, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Cherokee County Area Solid Waste Commission provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2014. We encourage readers to consider this information in conjunction with the Commission's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- The Commission's operating revenues decreased 19%, or \$343,375 from the fiscal year 2013 to fiscal year 2014.
- The Commission's operating expenses decreased 8%, or \$94,885 from fiscal year 2013 to fiscal year 2014.
- The Commission's Net Position increased 12%, or \$264,453 from June 30, 2013 to June 30, 2014.

USING THIS ANNUAL REPORT

The Cherokee County Area Solid Waste Commission is a 28E organization and presents its financial statements using the economic resources measurement focus and accrual basis of accounting, which is the same measurement focus and basis of accounting employed by private sector business enterprises. This discussion and analysis are intended to serve as an introduction to Cherokee County Area Solid Waste Commission's basic financial statements. The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the Commission's financial activities.

The Statement of Net Position presents information on the Commission's assets and liabilities, with the difference between the two reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the Commission is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position is the basic statement of activities for proprietary funds. This statement presents information on the Commission's operating revenues and expenses, non-operating revenues and expenses and whether the Commission's financial position has improved or deteriorated as a result of the year's activities.

The Statement of Cash Flows presents the change in the Commission's cash and cash equivalents during the year. This information can assist the user of the report in determining how the Commission financed its activities and how it met its cash requirements.

The Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

FINANCIAL ANALYSIS OF THE COMMISSION

Statement of Net Position

As noted earlier, Net Position may serve over time as a useful indicator of the Commission's financial position. The Commission's Net Position for fiscal year 2014 totaled \$2,543,229. This compares to \$2,335,885 for fiscal year 2013. A summary of the Commission's Net Position is presented below.

STATEMENT OF NET POSITION

	June 30,	
	2014	2013
Current assets	\$ 620,289	\$ 568,158
Restricted investments	689,146	2,497,134
Capital assets at cost, less accumulated depreciation	5,512,355	5,594,367
Other Assets	10,421	10,421
Total assets	6,832,211	8,670,080
Current liabilities	300,586	2,216,180
Long-term liabilities	2,907,846	3,031,961
Other Liabilities	1,080,550	1,086,054
Total liabilities	4,288,982	6,334,195
Net Position:		
Net Investment in Capital Assets	2,378,140	2,358,631
Restricted	731,309	626,675
Unrestricted	(566,220)	(649,421)
Total Net Position	\$2,543,229	\$2,335,885

The unrestricted portion of the Commission's Net Position is a deficit balance at June 30, 2014. The amount invested in capital assets (e.g. land, buildings and equipment), less the related debt portion of Net Position are resources allocated to capital assets. The remaining Net Position is restricted for closure and postclosure care and restricted tonnage fees. State and federal laws and regulations require the Commission to place a final cover on the landfill sites and perform certain maintenance and monitoring functions at the landfill sites for a minimum of thirty years after closure.

Statement of Revenues, Expenses and Changes in Net Position

Operating revenues are received for gate fees from accepting solid waste and assessments from the residents of the County. Operating expenses are expenses paid to operate the landfill. Non-operating revenues and expenses are for interest income, rental income, rental expenses, and interest expense. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life. A summary of revenues and expenses for the years ended June 30, 2014 and June 30, 2013 is presented below:

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	Year ended June 30,	
	2014	2013
OPERATING REVENUES		
County and City Assessments	\$ 839,743	\$ 846,692
Tipping Fees	550,468	598,347
Sales of Recycled Products	78,174	86,840
Rent Income	8,400	8,400
Miscellaneous	32,654	312,535
Total Operating Revenues	<u>1,509,439</u>	<u>1,852,814</u>
OPERATING EXPENSES		
Salaries	191,834	193,480
Payroll Tax Expenses	17,262	16,940
Directors and Management Fees	7,469	7,462
Newspaper Purchased	14,180	15,013
Shop Supplies and Expenses	2,821	6,055
Insurance	42,481	60,629
Employee Benefits	60,011	48,456
Vehicles Expense	2,676	2,621
Freight	-	168
Disposal Fees	746	3,057
Repairs – Building	5,153	4,433
Repairs – Equipment	38,024	74,004
Fuel	42,902	48,494
Rock Expense	15,111	28,202
Landfill Expense	63,289	29,597
Recycling Expense	15,838	19,228
PCB Clinic Expenses	11,190	18,428
Depreciation and Amortization	343,757	339,746
Utilities	17,356	33,556
Engineering and Testing	76,739	49,416
Iowa Department of Natural Resources Tonnage Fees	34,409	39,484
Leachate	1,751	6,453
Advertising	4,551	935
Office Supplies and Postage	3,319	4,044
Closure and Postclosure Care Costs	26,086	137,508
Professional Services	71,581	54,055
Bad Debt Expense	35,246	-
License, Fees and Permits	-	1,218
Miscellaneous Expenses	9,798	7,783
Total Operating Expenses	<u>1,155,580</u>	<u>1,250,465</u>
Operating Income	<u>353,859</u>	<u>602,349</u>

NON-OPERATING REVENUE (EXPENSES)

	Year ended June 30,	
	2014	2013
Interest Income	53,498	61,321
Gain (Loss) on Sale of Equipment	109,556	(117,672)
Realized Loss on Sale of Investments	(34,848)	(17,572)
Unrealized Loss on Investments	-	(24,938)
Interest Expense	(217,612)	(248,965)
Total Non-Operating Revenues (Expenses)	(89,406)	(347,826)
Change in Net Position	264,453	254,523
Net Position Beginning of Year	2,335,883	2,081,362
Prior Period Adjustment	(57,107)	-
Restated Net Position Beginning of Year	2,278,776	2,081,362
Net Position End of Year	\$ 2,543,229	\$2,335,885

The Statement of Revenues, Expenses, and Changes in Net Position reflect a positive year with an increase in the Net Position at the end of the fiscal year.

In fiscal 2014, operating revenues decreased by \$343,375, or 19%. Majority of this decrease is due to a \$300,000 contribution from the County in fiscal year 2013 that was used to pay off the Cherokee State Bank loan. Operating expenses decreased by \$94,885, or 8%. The decrease in operating expenses was due to a decrease in the closure and post closure care costs.

Statement of Cash Flows

The Statement of Cash Flow presents information related to cash inflows and outflows, summarized by operating, capital and related financing and investing activities. Cash provided by operating activities includes gate fees and assessments reduced by payments to employees and to suppliers. Cash used from capital and related financing activities includes principal repayments and the purchase of capital assets. Cash provided by investing activities includes proceeds from the redemption of certificates of deposit and interest income.

CAPITAL ASSETS

At June 30, 2014, the Commission had \$5,512,355 invested in capital assets, net of accumulated depreciation of \$2,701,961. Depreciation charges totaled \$341,019 for fiscal year 2014. More detailed information about the Commission's capital assets is presented in Note 3 to the financial statements.

LONG-TERM DEBT

At June 30, 2014, the Commission has \$3,181,200 in long-term debt and other liabilities outstanding, a decrease of \$2,075,396 from 2013. Of the decrease, \$1,810,000 is related to the retirement of the 2007 Capital Loan Notes. More detailed information about the Commission's long-term debt is presented in Note 4 to the financial statements.

ECONOMIC FACTORS

Cherokee County Area Solid Waste Commission maintained its financial position during the current fiscal year. The current condition of the economy in the state continues to be a concern for Commission officials. Some of the realities that may potentially become challenges for the Commission to meet are:

- Facilities at the Commission require constant maintenance and upkeep.
- The operating costs of the new pellet fuel recycling facility that has produced limited revenue and they have discontinued its operations and are in process of selling the equipment.

- Technology continues to expand and current technology becomes outdated presenting an on going challenge to maintain up to date technology at a reasonable cost.
- Annual deposits required to be made to closure and post closure accounts are based on constantly changing cost estimates and the number of tons of solid waste received at the facility.
- Continued Iowa Department of Natural Resources' regulatory changes in permit compliance.

The Commission anticipates the current fiscal year will be much like the last and will maintain a close watch over resources to maintain the Commission's ability to react to unknown issues.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Cherokee County Area Solid Waste Commission, 1805 Linden Street, Cherokee, Iowa 51012.

CHEROKEE COUNTY SOLID WASTE COMMISSION
STATEMENT OF NET POSITION
JUNE 30, 2014

ASSETS

Current Assets

Cash and Cash Equivalents - Undesignated	\$ 242,432
Cash and Cash Equivalents - Board Designated	178,658
Cash and Cash Equivalents - Restricted	42,163
Receivables:	
Accounts Receivable	42,279
Due from Other Governments	76,995
Accrued Interest	2,137
Prepaid Expenses	35,625
Total Current Assets	<u>620,289</u>

Noncurrent Assets

Restricted Assets:	
Investments - Closure and Postclosure Care	689,146
Capital Assets (Net of Accumulated Depreciation)	5,512,355
Other Investment - CB Household Hazardous Waste Agency	10,421
Total Noncurrent Assets	<u>6,211,922</u>
Total Assets	<u>6,832,211</u>

LIABILITIES

Current Liabilities

Accounts Payable	60,279
Salaries and Benefits Payable	8,725
Other Accrued Liabilities	874
Accrued Interest	4,339
Current Portion of Long Term Debt	226,369
Total Current Liabilities	<u>300,586</u>

Long Term Liabilities

Long Term Debt Net of Current Portion	2,907,846
Estimated Liability for Landfill Closure and Postclosure Care	1,080,550
Total Long Term Liabilities	<u>3,988,396</u>
Total Liabilities	<u>4,288,982</u>

NET POSITION

Net Investment in Capital Assets	2,378,140
Restricted For:	
Tonnage Fees Retained	42,163
Closure and Postclosure Care	689,146
Unrestricted	(566,220)
Total Net Position	<u>\$ 2,543,229</u>

CHEROKEE COUNTY SOLID WASTE COMMISSION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

OPERATING REVENUES

County and City Assessments	\$ 839,743
Tipping Fees	550,468
Sales of Recycled Products	78,174
Rent Income	8,400
Miscellaneous	32,654
Total Operating Revenues	<u>1,509,439</u>

OPERATING EXPENSES

Salaries	191,834
Payroll Tax Expenses	17,262
Directors and Management Fees	7,469
Newspaper Purchased	14,180
Shop Supplies and Expenses	2,821
Insurance	42,481
Employee Benefits	60,011
Vehicle Expense	2,676
Disposal Fees	746
Repairs - Building	5,153
Repairs - Equipment	38,024
Fuel	42,902
Rock Expense	15,111
Landfill Expenses	63,289
Recycling Expense	15,838
PCB Clinic Expenses	11,190
Depreciation and Amortization	343,757
Utilities	17,356
Engineering and Testing	76,739
Iowa Department of Natural Resources Tonnage Fees	34,409
Leachate	1,751
Advertising	4,551
Office Supplies and Postage	3,319
Professional Services	71,581
Closure and Postclosure Care Costs	26,086
Bad Debt Expense	35,246
Miscellaneous Expenses	9,798
Total Operating Expense	<u>1,155,580</u>

Operating Income 353,859

NONOPERATING REVENUES (EXPENSES)

Interest Income	53,498
Gain on Sale of Equipment	109,556
Realized Loss on Sale of Investments	(34,848)
Interest Expense	(217,612)
Net Nonoperating (Expenses)	<u>(89,406)</u>

Change in Net Position 264,453

Net Position Beginning of Period	2,335,883
Prior Period Adjustment	(57,107)
Restated Net Position Beginning of Period	<u>2,278,776</u>
Net Position End of Period	<u>\$ 2,543,229</u>

See Accompanying Notes to Financial Statements

CHEROKEE COUNTY SOLID WASTE COMMISSION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

Cash Flows from Operating Activities:

Cash Received from Gate Fees and Assessments	\$ 1,432,410
Cash Received from Recycling Sales	78,174
Cash Received from Miscellaneous Income	41,054
Cash Paid to Suppliers for Goods and Services	(573,391)
Cash Paid to Employees for Services	(278,794)
Net Cash Provided by Operating Activities	<u>699,453</u>

Cash Flows from Capital & Related

Financing Activities:

Acquisition of Property and Equipment	(284,454)
Proceeds from Sale of Equipment	135,000
Proceeds from Notes	119,470
Principal Paid on Notes	(2,194,866)
Interest Payments	(231,246)
Net Cash (Used) by Capital & Related Financing Activities	<u>(2,456,096)</u>

Cash Flows from Investing Activities:

Proceeds from Redemption of Investments	1,879,000
Purchase of Investments	(105,860)
Interest Received	51,923
Net Cash Provided from Investing Activities	<u>1,825,063</u>

Net Increase in Cash and Cash Equivalents 68,420

Cash and Cash Equivalents - Beginning of Period 394,833

Cash and Cash Equivalents - End of Period \$ 463,253

Components of Cash and Cash Equivalents - End of Period:

Cash and Cash Equivalents - Undesignated	\$ 242,432
Cash and Cash Equivalents - Board Designated	178,658
Cash and Cash Equivalents - Restricted	42,163
	<u><u>\$ 463,253</u></u>

**CHEROKEE COUNTY SOLID WASTE COMMISSION
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2014**

**RECONCILIATION OF OPERATING INCOME TO
NET CASH PROVIDED BY OPERATING ACTIVITIES:**

Operating Income	\$ 353,859
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:	
Depreciation and Amortization	343,757
(Increase) Decrease in:	
Accounts Receivable	36,970
Due from Other Governments	5,229
Prepaid Expenses	(24,335)
Increase (Decrease) in:	
Accounts Payable	(9,481)
Salaries and Benefits Payable	(1,218)
Other Accrued Liabilities	176
Landfill Closure and Postclosure Care Cost Liability	(5,504)
Total Adjustments	<u>345,594</u>
Net Cash Provided by Operating Activities	<u><u>\$ 699,453</u></u>

See Accompanying Notes to Financial Statements

CHEROKEE COUNTY SOLID WASTE COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Cherokee County Solid Waste Commission owns and operates a sanitary solid waste landfill site in Cherokee County, Iowa. The Commission is a proprietary fund type 28E organization and was established to provide for the economic collection and disposal of all solid waste produced or generated within each member Municipality and to cooperate in preventing the contamination of our natural resources. The Commission is composed of one representative from each of the eight member cities and one representative from Cherokee County. Members of the Commission are the County of Cherokee, the Cities of Cherokee, Aurelia, Quimby, Washta, Marcus, Cleghorn, Meriden, and Larrabee.

The Commission's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, the Cherokee County Solid Waste Commission has included all funds, organizations, account groups, agencies, boards, commissions and authorities. The Commission has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Commission are such that exclusion would cause the Commission's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Commission to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Commission. The Commission has no component units which meet the Governmental Accounting Standards Board criteria.

B. Jointly Governed Organization

The Commission also participates in a jointly governed organization, CB Household Hazardous Waste Agency, whose purpose is to oversee the Household Hazardous Waste facility that is located at the Cherokee County Landfill.

Cherokee and Buena Vista landfills are members of CB Household Hazardous Waste Agency.

The Agency does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating Commissions.

CHEROKEE COUNTY SOLID WASTE COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Presentation

The accounts of the Cherokee County Solid Waste Commission are organized as a single business-type activity. Business-type activities are used to account for operations (a) financed and operated in a manner similar to private business enterprises, where the intent of the governing body is the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

D. Measurement Focus and Basis of Accounting

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Commission distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Commission's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

E. Cash, Cash Equivalents and Investments

The Commission considers all short-term investments that are highly liquid to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the date of purchase, have a maturity date no longer than three months. The Commission did not have any short-term investments during the year ended June 30, 2014.

F. Restricted Investments

Funds set aside for payment of closure and post closure care costs are classified as restricted.

G. Capital Assets

Capital assets are accounted for at historical cost. Depreciation of all exhaustible capital assets is charged as an expense against operations. The cost of repair and maintenance is charged to expense, while the cost of renewals or substantial betterments is capitalized. The cost and accumulated depreciation of assets disposed of are deleted, with any gain or loss recorded in current operations.

**CHEROKEE COUNTY SOLID WASTE COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

Note 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Reported capital assets are defined by the Commission as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of one year.

<u>Asset Class</u>	<u>Amount</u>
Building and Improvements	\$ 1,000
Equipment and Vehicles	\$ 1,000

Capital assets of the Commission are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	39
Land and Building Improvements	20 - 39
Equipment and Vehicles	5 - 15

Interest is capitalized on qualified assets acquired with certain tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. There were no qualifying assets acquired during the years ended June 30, 2014.

H. Compensated Absences

Commission employees accumulate a limited amount of earned but unused vacation and personal leave hours for subsequent use or for payment only upon termination, death or retirement. The Commission's liability for accumulated vacation and personal leave, including applicable employee benefits, has been computed based on rates of pay in effect at June 30, 2014.

I. Accounts Receivable and Allowances

Bad debts are provided on the allowance method based on historical experience and management's evaluation of outstanding accounts receivable at the end of the fiscal year. The allowance for doubtful accounts at June 30, 2014 was \$0.

Note 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS

The Commission's deposits in banks at June 30, 2014 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Commission is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Commission; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Commission's investments consist only of certificates of deposits which are stated at cost and US Treasury Notes which are stated at market value.

CHEROKEE COUNTY SOLID WASTE COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Note 2 – CASH AND INVESTMENTS (Continued)

Interest rate risk: This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. The Commission does have a formal investment policy that limits investment maturities as a means of managing its exposure. Information about the exposure of the Commission's debt type investments to this risk, using the segmented time distribution model is as follows:

Type of Investment	Fair Value	Investment Maturities (in Years)	
		Less Than 1 Year	1 – 5 Years
Certificates of Deposits	\$689,146	\$130,935	\$558,211

Note 3 – CAPITAL ASSETS

A summary of capital assets at June 30, 2014 as follows:

	Beginning Balance	Additions	Deletions	Balance End of Year
Capital Assets Not Being Depreciated				
Land	\$ 424,000	\$ -	\$ -	\$ 424,000
Total Capital Assets Not Depreciated	424,000	-	-	424,000
Capital Assets Being Depreciated				
Buildings	2,192,911	5,986	-	2,198,897
Machinery and Equipment	4,415,011	273,650	1,245,737	3,442,924
Office Equipment and Furniture	16,430	-	2,095	14,335
Land Improvements	235,461	4,815	-	240,276
East Landfill	1,893,884	-	-	1,893,884
Total Capital Assets Being Depreciated	8,753,697	284,451	1,247,832	7,790,316
Less Accumulated Depreciation For:				
Buildings	747,800	60,713	-	808,513
Machinery and Equipment	2,272,651	167,429	1,220,293	1,219,787
Office Equipment and Furniture	15,716	260	2,095	13,881
Land Improvements	110,777	6,779	-	117,556
East Landfill	436,386	105,838	-	542,224
Total Accumulated Depreciation	3,583,330	341,019	1,222,388	2,701,961
Total Capital Assets Being Depreciated, Net	5,170,367	(56,568)	25,444	5,088,355
Total Capital Assets, Net	\$ 5,594,367	\$ (56,568)	\$ 25,444	\$ 5,512,355

CHEROKEE COUNTY SOLID WASTE COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Note 3 – CAPITAL ASSETS (Continued)

Reconciliation of Net Investment in Capital Assets:

Capital Assets (Net of Accumulated Depreciation)	\$ 5,512,355
Less: Notes Payable	<u>(3,134,215)</u>
Net Investment in Capital Assets	<u><u>\$ 2,378,140</u></u>

Note 4 – LONG TERM DEBT

Changes in long-term debt at June 30, 2014 are summarized as follows:

	6/30/2013 Balance	Additions	Reductions	6/30/2014 Balance	Due Within 1 Year
Farmers State Bank Note - Dozer	\$ -	\$ 119,470	\$ (1,951)	\$ 117,519	\$ 22,585
Farmers State Bank Note - Compactor	360,641	-	(146,960)	213,681	73,784
Department of Natural Resources Notes	110,955	-	(110,955)	-	-
Cherokee County 2007 Note	1,810,000	-	(1,810,000)	-	-
Cherokee County 2011 Notes	2,975,000	-	(125,000)	2,850,000	130,000
Total	<u><u>\$ 5,256,596</u></u>	<u><u>\$ 119,470</u></u>	<u><u>\$ (2,194,866)</u></u>	<u><u>\$ 3,181,200</u></u>	<u><u>\$ 226,369</u></u>

Notes Payable listed on the Statement of Net Position is net of Unamortized Bond Discounts of \$46,985.

The following is a schedule of future payments to be made concerning long term debt at June 30, 2014.

Year Ended June 30,	Amount
2015	\$ 226,369
2016	229,384
2017	222,693
2018	159,635
2019	163,119
2020-2024	780,000
2025-2029	955,000
2030-2031	445,000
	<u><u>\$ 3,181,200</u></u>

**CHEROKEE COUNTY SOLID WASTE COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014**

Note 4 – LONG TERM DEBT (Continued)

Notes Payable

The Commission entered into two notes payable to the Iowa Department of Natural Resources, \$150,000 with 3% interest and \$150,000 with 0% interest. The original contract is dated March 2007 but funds were not received until fiscal year-ended June 30, 2009. Payments of \$11,316 are due quarterly through October 15, 2015 with the first payment made January 15, 2009. The balance at June 30, 2014 was \$0.

The Commission entered into a note payable to Cherokee County, who acted as the issuer, for the Refunding Capital Loan Notes of \$2,345,000 issued on September 21, 2011 for the purpose of refunding the Taxable General Obligation Capital Loan Notes, Series 2007 dated August 15, 2007. The net proceeds were deposited in an escrow account at Bankers Trust to provide for future debt service payments on the refunded bonds. The balance in the escrow account as of June 30, 2014 was \$0. Interest only payments are due each June and principal and interest payments are due each December. The notes are able to be called June 1, 2014. The current interest rate is 5.75 % and increases each year to a maximum of 5.95%. The balance of the note at June 30, 2014 was \$0.

The Commission entered into a note payable to Cherokee County, who acted as the issuer, for the Taxable General Obligation Refunding Capital Loan Notes, Series 2011A in the aggregate principal amount of \$2,775,000 and the \$445,000 General Obligation Capital Loan Notes, Series 2011B dated September 21, 2011. The purpose of Series 2011A is to refund the 2007 notes and the Series 2011B is to pay for the costs of works and facilities useful for the collection, treatment, and disposal of solid waste. Annual principal payments began June 2012. Interest payments are due semi-annually each June and December, beginning December 2011. Interest rates vary between 5.75% and 6.25% over the life of the note. The note will mature June 2031. The balance at June 30, 2014 was \$2,850,000.

The Commission entered into a note payable with Farmers State Bank on March 26, 2013 for purposes of financing the purchase of the Landfill Compactor. Monthly principal and interest payments of \$6,779.74 began April 26, 2013. The interest rate is 2.9%. The note was secured by the Landfill Compactor. The balance at June 30, 2014 was \$213,681.

The Commission entered into a note payable with Farmers State Bank on May 20, 2014 for purposes of financing the purchase of a Dozer. Monthly principal and interest payments of \$2,141.67 began June 20, 2014. The interest rate is 2.9%. The note was secured by the Dozer. The balance at June 30, 2014 was \$117,519.

Note 5 – RENT INCOME

The Commission has a short term operating lease on the house at the landfill site with an employee.

The Commission has an operating lease on 24 acres of tillable land with unrelated parties. The lease agreement is for \$225 per acre. The acres may vary as the landfill uses the land. One-half of the payment is to be received on or before March 1st and the second half is due on or before November 1st. The lease agreement expires March 1, 2014. The total parcel of 80 acres of land has a book cost of \$280,000.

Land and rental house income resulted in income of \$8,400 for the year ended June 30, 2014.

CHEROKEE COUNTY SOLID WASTE COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Note 6 – PENSION AND RETIREMENT BENEFITS

The Commission contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 5.95% of their annual covered salary and the Commission is required to contribute 8.93% of annual covered payroll for the years ended June 30, 2014. Contribution requirements are established by state statute. The Commission's contributions to IPERS for the years ended June 30, 2014, 2013, and 2012 were \$17,435, \$17,792, and \$51,694, respectively, equal to the required contribution for each year.

Note 7 – RISK MANAGEMENT

Cherokee County Solid Waste Commission is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 679 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials' liability, police professional liability, property, inland marine, and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate or to comply with the requirements of any applicable regulatory authority having jurisdiction over the pool.

The Pool also provides property coverage. Members who elect such coverage make annual operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses and reinsurance premiums, all of which are due and payable in the current year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The Cherokee County Solid Waste Commission's property and casualty contributions to the risk pool are recorded as expenditures from its fund at the time of payment to the risk pool. The Commission's annual contributions to the Pool for the year ended June 30, 2014 was \$20,954.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured in an amount not to exceed \$2,650,000 per claim. For members requiring specific coverage from \$3,000,000 to \$12,000,000, such excess coverage is also reinsured. Property and automobile physical damage risks are retained by the Pool up to \$150,000 each occurrence, each location, with excess coverage reinsured by the Travelers Insurance Company.

CHEROKEE COUNTY SOLID WASTE COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Note 7 – RISK MANAGEMENT (Continued)

The Pool's intergovernmental contract with its members provides that in the event a casualty claim or series of claims exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a series of casualty claims exhausts total members' equity plus any reinsurance and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member. The Commission does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2014, no liability has been recorded in the Commission's financial statements. As of June 30, 2014, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Members withdrawing within the first six years of membership may receive a partial refund of their capital contributions. If a member withdraws after the sixth year, the member is refunded 100 percent of its casualty capital contributions. However, the refund is reduced by an amount equal to the annual operating contribution which the withdrawing member would have made for the one-year period following the withdrawal.

The Commission also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond in the amount of \$1,000,000 and \$100,000, respectively. The Commission assumes liability for any deductibles, and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 8 – CASH IN BANK – BOARD DESIGNATED

The Commission has designated \$4,200 per month to be deposited in an account to be used for equipment purchases. They have also designated \$6,850 per month to be deposited in an account to be used for landfill development. As of June 30, 2014, the balances in these accounts are \$20,768 and \$157,890, respectively.

Note 9 – SOLID WASTE TONNAGE FEES RETAINED

The Commission has established an account for restricting and using solid waste tonnage fees retained by the Commission in accordance with Chapter 455B.310 of the Code of Iowa.

As of June 30, 2014, the unspent amounts retained by the Commission and restricted for the required purposes totaled \$42,163.

CHEROKEE COUNTY SOLID WASTE COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Note 10 – CLOSURE AND POSTCLOSURE CARE COSTS

To comply with federal and state regulations, the Commission is required to complete a monitoring system plan and a closure/post closure plan and to provide funding necessary to effect closure and post closure, including the proper monitoring and care of the landfill after closure. Environmental Protection Agency (EPA) requirements have established closure and thirty-year post closure care requirements for all municipal solid waste landfills that receive waste after October 9, 1993. State governments are primarily responsible for implementation and enforcement of those requirements and have been given flexibility to tailor requirements to accommodate local conditions that exist. The effect of the EPA requirement is to commit landfill owners to perform certain closing functions and post closure monitoring functions as a condition for the right to operate the landfill in the current period. The EPA requirements provide that when a landfill stops accepting waste, it must be covered with a minimum of twenty-four inches of earth to keep liquid away from the buried waste. Once the landfill is closed, the owner is responsible for maintaining the final cover, monitoring ground water and methane gas, and collecting and treating leachate (the liquid that drains out of waste) for thirty years.

Governmental Accounting Standards Board Statement No. 18 requires landfill owners to estimate total landfill closure and post closure care costs and recognize a portion of these costs each year based on the percentage of estimated total landfill capacity used that period. Estimated total costs consist of four components: (1) the cost of equipment and facilities used in post closure monitoring and care, (2) the cost of final cover (material and labor), (3) the cost of monitoring the landfill during the post closure period and (4) the cost of any environmental cleanup required after closure. Estimated total cost is based on the cost to purchase those services and equipment currently, and is required to be updated annually for changes due to inflation or deflation, technology, or applicable laws or regulations.

These costs for the Cherokee County Solid Waste Commission have been estimated at \$496,033 for closure and \$1,815,431 for post closure, for a total of \$2,311,464 as of June 30, 2014, and the portion of the liability that has been recognized is \$1,080,550. These amounts are based on what it would cost to perform all closure and post closure care during the year ended June 30, 2014. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The estimated remaining life of the landfill is 86.2 years and the capacity used at June 30, 2014 is 18.9 percent. The following table provides a breakdown of closure and post closure costs for each area:

Horizontal Expansion Cells	
A-1, A-2, A-3 and A-4	\$ 496,033
Horizontal Expansion Phase A and Phase B	982,790
Original Landfill Area Postclosure Costs	832,642
	<u>\$ 2,311,465</u>

Chapter 455B.306(9) (b) of the Code of Iowa requires permit holders of municipal solid waste landfills to maintain separate closure and post closure care accounts to accumulate resources for the payment of closure and post closure care costs. The Commission has begun accumulating resources to fund these costs and, as of June 30, 2014, assets of \$689,146 are restricted for these purposes, of which \$357,082 is for closure and \$332,064 is for post closure care. They are reported as restricted investments and restricted net assets on the Statement of Net Position.

CHEROKEE COUNTY SOLID WASTE COMMISSION
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014

Note 10 – CLOSURE AND POSTCLOSURE CARE COSTS (Continued)

Also, pursuant to Chapter 567-113.14(8) of the Iowa Administrative Code (IAC), since the estimated closure and post closure care costs are not fully funded, the Commission is required to demonstrate financial assurance for the unfunded costs. The Commission has adopted the dedicated fund financial assurance mechanism. The Commission obtained a local government guaranty from Cherokee County on June 10, 1997 for the purpose of financing the post closure costs of the landfill.

The updated "Municipal Solid Waste Sanitary Landfill Local Government Post Closure Guarantee" was approved by Cherokee County on April 13, 2010.

On April 14, 2006 the Commission received a letter from the DNR. A horizontal expansion of the landfill was approved and annual deposits may be made using the actual permitted capacity that is available.

Chapter 567-113.14(8) of the IAC allows the Commission to choose the dedicated fund mechanism to demonstrate financial assurance and use the accounts established to satisfy the closure and post closure care account requirements. Accordingly, the Commission is not required to establish closure and post closure care account in addition to the accounts established to comply with the dedicated fund financial assurance mechanism.

Note 11 – SUBSEQUENT EVENT

At the September 11, 2014 board meeting, the board accepted an offer of \$300,000 from Frontline Bio Energy, LLC for purchase of the pellet equipment.

Note 12 – PRIOR PERIOD ADJUSTMENT – ACCOUNTING CHANGE

During 2014, the Commission implemented Governmental Accounting Standards Board Statement No. 65 and the Commission has restated the beginning net position in the Statement of Revenues, Expenses and Changes in Net Position. In previous years, bond issuance costs were deferred and amortized over the term of the bonds. GASB No. 65 now requires these costs to be recognized in the period the loan originated. This results in decreasing the 2013 beginning net position by \$57,107.

Net Position Beginning of Period	\$ 2,335,883
Accounting Change - Bond Costs	<u>(57,107)</u>
Restated Net Position Beginning of Period	<u><u>\$ 2,278,776</u></u>

Note 13 - PROSPECTIVE ACCOUNTING CHANGE

The Governmental Accounting Standards Board has issued Statement No. 68, Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's proportionate share of the employee pension plan.

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Directors of the
Cherokee County Solid Waste Commission

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Cherokee County Solid Waste Commission (the Commission), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements and have issued our report thereon dated March 11, 2015.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings, we identified certain deficiencies in internal control that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. We consider the deficiency described as items 14-II-A in the accompanying Schedule of Findings to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Comments involving statutory and other legal matters about the Commission's operations for the year ended June 30, 2014 are based exclusively on knowledge obtained from procedures performed during our audit of the financial

statements of the Commission. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Cherokee County Solid Waste Commission's Response to Findings

Cherokee County Solid Waste Commission's responses to findings identified in our audit are described in the accompanying Schedule of Findings. The Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Williams + Company, P.C.
Certified Public Accountants

Spencer, Iowa
March 11, 2015

**CHEROKEE COUNTY SOLID WASTE COMMISSION
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2014**

Part 1: Summary of the Independent Auditors' Results:

- (A) An unmodified opinion was issued on the financial statements.
- (B) A material weakness in internal control over financial reporting was disclosed by the audit of the financial statements.
- (C) The audit did not disclose any noncompliance which could have a material effect on the financial statement accounts.

Part II: Findings Related to the Financial Statements

INSTANCES OF NONCOMPLIANCE:

No matters were reported.

MATERIAL WEAKNESSES:

14-II-A Financial Reporting

Observation - During the audit, we identified that the bond costs had not been properly adjusted in accordance with GASB 65. Adjustments were subsequently made by the Commission to properly include these amounts in the financial statements.

Recommendation - The Commission should ensure that all Government Accounting Standards are being followed.

Response - The Commission and the outsourced accounting firm will review any new Government Accounting Standards issued to ensure items are properly recorded.

Conclusion - Response accepted.

**CHEROKEE COUNTY SOLID WASTE COMMISSION
SCHEDULE OF FINDINGS
YEAR ENDED JUNE 30, 2014**

Part III: Other Findings Related to Statutory Reporting

- 14-III-A: Official Depositories** – The Board of Trustees has approved a resolution naming official depositories. The maximum deposit amount stated in the resolution was not exceeded during the year ended June 30, 2014.
- 14-III-B: Questionable Expenses** – No expenses that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- 14-III-C: Travel Expenses** – No expenditures of money for travel expenses of spouses of Commission's officials or employees were noted.
- 14-III-D: Board Minutes** – No transactions were found that we believe should have been approved in the Board minutes but were not.
- 14-III-E: Deposits and Investments** – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the Cherokee County Solid Waste Commission's investment policy were noted.
- 14-III-F: Solid Waste Tonnage Fees Retained** – No instances of non-compliance with the solid waste fees used or retained in accordance with provisions of Chapter 455B.310 of the Code of Iowa were noted.
- 14-III-G: Financial Assurance** – The Commission has demonstrated financial assurance for closure and post-closure care costs by establishing a local government dedicated fund as provided in Chapter 567-113.14(6) of the Iowa Administrative Code. The calculation is made as follows:

	Closure	Post Closure
Total estimated costs for closure and post closure care	\$ 496,033	\$ 1,815,431
Less: Balance of funds held in the local dedicated fund at June 30, 2013	(293,244)	(287,852)
	202,789	1,527,579
Required payment into the local dedicated fund by 30 days after the year ended June 30, 2013 per financial assurance report calculated by the engineer	56,106	19,605
Balance of funds held in the local dedicated fund at June 30, 2013	293,244	287,852
Required balance of funds held in the local dedicated fund at June 30, 2014	\$ 349,350	\$ 307,457
Amount Commission has restricted and reserved for closure and post closure care at June 30, 2014	\$ 357,081	\$ 332,064